



# Involving the Community in the Capital Budgeting Process

Mikulov, Czech Republic

## Background

Like other Czech communities, Mikulov (population 7,700) faces difficult decisions about how to put scarce capital investment resources to best use. The transformation of the local agricultural economy has caused considerable unemployment, but demands for investments to spur new economic growth must compete with demands for better basic municipal services. The challenge for Mikulov's leaders is to balance these competing interests in a way that allays citizens' concerns about the legitimacy of the decision-making process. The Mayor of Mikulov wanted to redesign the capital investment process to educate the public about and build support for his vision of the town's capital investment priorities. As a result, the Mikulov Capital Investment Citizens Oversight Committee (COC) was created with the goal of developing a long-term investment strategy involving citizens in a transparent planning process.

## Innovation

The Town Assembly established the COC, composed of technical staff from the municipal investment office and representatives of a cross-section of local and political interests, including members of the local business community, local professionals, a resident of municipally-owned housing, and town assembly members. The COC gathered information on citizens' investment priorities (through a survey) and on the municipality's capacity to finance proposed investments using a combination of state grants, shared revenue, and debt financing. Using this information, the COC evaluated different projects using an agreed-upon set of technical and economic criteria. Priority projects were assembled into two alternative investment strategies, which were presented in a final report along with COC recommendations to the Town Assembly.

The COC wanted to generate public interest in its activities and inform the public about the trade-offs involved with alternative investment strategies. This effort involved a public relations campaign to ensure coverage of the COC's progress in the local and regional media, and publication and distribution of a series of informational brochures. To solicit public input into its final recommendations, the COC held outreach discussions led by individual COC members and a public meeting that presented the COC's alternative investment strategies. The initiative lasted from April to December 1995, timed to coincide with the town's budgeting cycle. Direct expenses incurred for this initiative consisted of approximately \$300 for publication of information and publicity materials and the cost of municipal staff time.

## Results

In the Town Assembly's debate on the capital investment portion of the 1996 municipal budget, there was across-the-board support for the COC's final report outlining alternative investment strategies. While the short-term impact of the COC's work was constrained by unforeseen financial and political circumstances, the initiative's long-term impact is more important. This effort generated widespread public interest in the capital investment process, as demonstrated by the overwhelming (98 percent) response rate to the resident survey. By incorporating public input, this effort exposed community leaders and the general public to a transparent process of selecting municipal investments in a fiscal environment marked by declining state capital investment subsidies and increased reliance on private financing. Moreover, this demonstration of a new, transparent approach is likely to result in demands for sustained public input into the decision-making process in future years.

## Summary

To demonstrate how citizens can become involved in a transparent process to develop a long-term investment strategy, Mikulov created a Citizen's Oversight Committee (COC). The COC initiated a public relations campaign to solicit public input into the capital investment process. The COC's efforts generated widespread public interest and support from the Town Assembly.

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